

**SCIPIO TOWN**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

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# Kimball & Roberts

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A Professional Corporation

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Honorable Mayor and Town Council  
Scipio Town  
Scipio, Utah 84656

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Scipio Town as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Scipio Town.

A review consists principally of inquiries of Town personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management discussion and analysis and budgetary comparison information on pages 4 through 13 and 37 through 38, are not a required part of the basic financial statements but are supplementary information required by the Governmental accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.



KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

January 6, 2006  
Richfield, Utah

**SCIPIO TOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2005**

This discussion of Scipio Town's financial performance provides an overview of the Town's financial activities for the year ending June 30, 2005. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, public safety, highways and public improvements, and parks and recreation.

**Financial Highlights**

- \* The assets of the Town exceeded its liabilities as of the close of the most recent year by \$1,319,974 (net assets). Of this amount, \$415,418 (unrestricted net assets) which may be used to meet its ongoing obligations to citizens and creditors.
- \* The government's total net assets increased by \$6,459. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- \* At the close of the current year, the Town's governmental funds reported ending fund balance of \$361,592, an increase of \$62,527 in comparison with the prior year. Approximately 76 percent of this total amount, \$273,386 is available for spending at the government's discretion (unreserved fund balance).
- \* At the end of the current year, unreserved fund balance for the general fund was \$163,269, or 169 percent of total general fund expenditures.
- \* The Town's total debt decreased by \$14,759 during the current year.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, highways and public improvements, and parks and recreation. The business-type activities of the Town are water and sanitation operations.

Refer to the table of contents for the location of the government-wide financial statements.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and enterprise funds.

### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Scipio Town maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund,

The Town adopts an annual appropriated budget for its governmental fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

### **Proprietary Funds**

Scipio Town maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sanitation.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

## Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town.

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Scipio Town, assets exceeded liabilities by \$1,319,974 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets (59 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net assets (9.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$415,418, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

### Scipio Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	369,183	337,986	189,791	159,786	558,974	497,772
Capital Assets	570,934	632,267	373,091	409,516	944,025	1,041,783
<b>Total Assets</b>	<b>940,117</b>	<b>970,253</b>	<b>562,882</b>	<b>569,302</b>	<b>1,502,999</b>	<b>1,539,555</b>
Long-Term Liabilities	-	-	166,999	181,758	166,999	181,758
Other Liabilities	7,591	38,921	8,435	5,362	16,026	44,283
<b>Total Liabilities</b>	<b>7,591</b>	<b>38,921</b>	<b>175,434</b>	<b>187,120</b>	<b>183,025</b>	<b>226,041</b>
<b>Net Assets:</b>						
Invested in Capital Assets						
Net of Related Debt	570,934	632,267	206,092	227,758	777,026	860,025
Restricted	88,206	54,966	39,324	33,600	127,530	88,566
Unrestricted	273,386	244,099	142,032	120,824	415,418	364,923
<b>Total Net Assets</b>	<b>932,526</b>	<b>931,332</b>	<b>387,448</b>	<b>382,182</b>	<b>1,319,974</b>	<b>1,313,514</b>

## Governmental Activities

Governmental activities increased Scipio Town's net assets by \$1,194.

### Scipio Town's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for Services	57,388	44,946	75,762	61,218	133,150	106,164
Operating Grants	46,908	42,913	-	-	42,913	42,913
Capital Grants	-	-	-	-	-	-
Impact Fees	-	-	17,378	-	17,378	-
General Revenues:						
Property Taxes	8,809	9,304	-	-	8,809	9,304
Other Taxes	42,087	37,380	-	-	42,087	37,380
Unrestricted Investment Earnings	8,142	3,719	4,028	3,366	12,170	7,085
Total Revenues	163,334	138,262	97,168	64,584	256,507	202,846
Expenses:						
General Government	46,882	34,301	-	-	46,882	34,301
Public Safety	53,621	42,006	-	-	53,621	42,006
Highways and Public Improvements	44,862	125,365	-	-	44,862	125,365
Culture and Recreation	16,775	17,212	-	-	16,775	17,212
Interest on Long-Term Debt	-	-	7,164	3,316	7,164	3,316
Water and Sanitation	-	-	84,739	74,026	84,739	74,026
Total Expenses	162,140	218,884	91,903	77,342	254,043	296,226
Increase in Net Assets Before Transfers	1,194	(80,622)	5,265	(12,758)	2,464	(93,380)
Transfers	-	-	-	-	-	-
Increase in Net Assets	1,194	(80,622)	5,265	(12,758)	6,459	(93,380)
Net Assets - Beginning	931,332	1,011,954	382,183	394,941	1,313,515	1,406,895
Net Assets - Ending	932,526	931,332	387,448	382,183	1,319,974	1,313,515

\* The Town received operating grants of \$46,908. Of this amount, \$30,301 was received for Class C Roads. The other operating grants are for parks, emergency services and liquor law allotments.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

## **Business-Type Activities**

Business-type activities increased the Town's net assets by \$5,265. No operating grants were received.

- \* An Impact Fee ordinance was adopted during the year, and subsequently \$17,378 was collected on three new businesses in Town.
- \* The total increase in the business-type activities costs for the water fund is attributed to increased operating costs.
- \* The depreciation in the enterprise funds increased \$6,265 from the prior year.

## **Financial Analysis of the Government's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Town's governmental funds reported ending fund balances of \$361,592 an increase of \$62,527 in comparison with the prior year. Approximately 76 percent of this amount, 273,386 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to Perpetual Care for \$54,966 and Class C Roads for \$30,000.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 169 percent of total general fund expenditures, while total fund balance represents 199 percent of that same amount.

### **Proprietary Funds**

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water fund at the end of the year was \$142,032.

### **General Fund Budgetary Highlights**

There were no differences between the original budget and the final amended budget.

Actual revenues were less than budgeted revenues by \$235,023 and actual expenditures were less than budgeted expenditures by \$294,310 resulting in a net increase in fund balance of \$59,287.



## Capital Asset and Debt Administration

### Capital Assets

Scipio Town's investment in capital assets for its governmental activities as of June 30, 2005, was \$570,934 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and infrastructure, which includes roads and highways.

The town made no investment in capital assets during the year.

#### Scipio Town's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	14,600	14,600	-	-	14,600	14,600
Water Shares	-	-	-	-	-	-
Infrastructure	330,000	371,250	-	-	330,000	371,250
Buildings	145,334	151,917	-	-	145,334	151,917
Improvements Other than Buildings	-	-	373,091	409,516	373,091	409,516
Equipment	81,000	94,500	-	-	81,000	94,500
Total	570,934	632,267	373,091	409,516	944,025	1,041,783

Additional information on the Town's capital assets can be found in the notes to the financial statements.

### Long -Term Debt

At the end of the current year, the Town's had total bonded debt outstanding of \$166,999. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

#### Scipio Town's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue Bonds	-	-	166,999	181,758	166,999	181,758

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the Town. The Town has no general obligation debt.

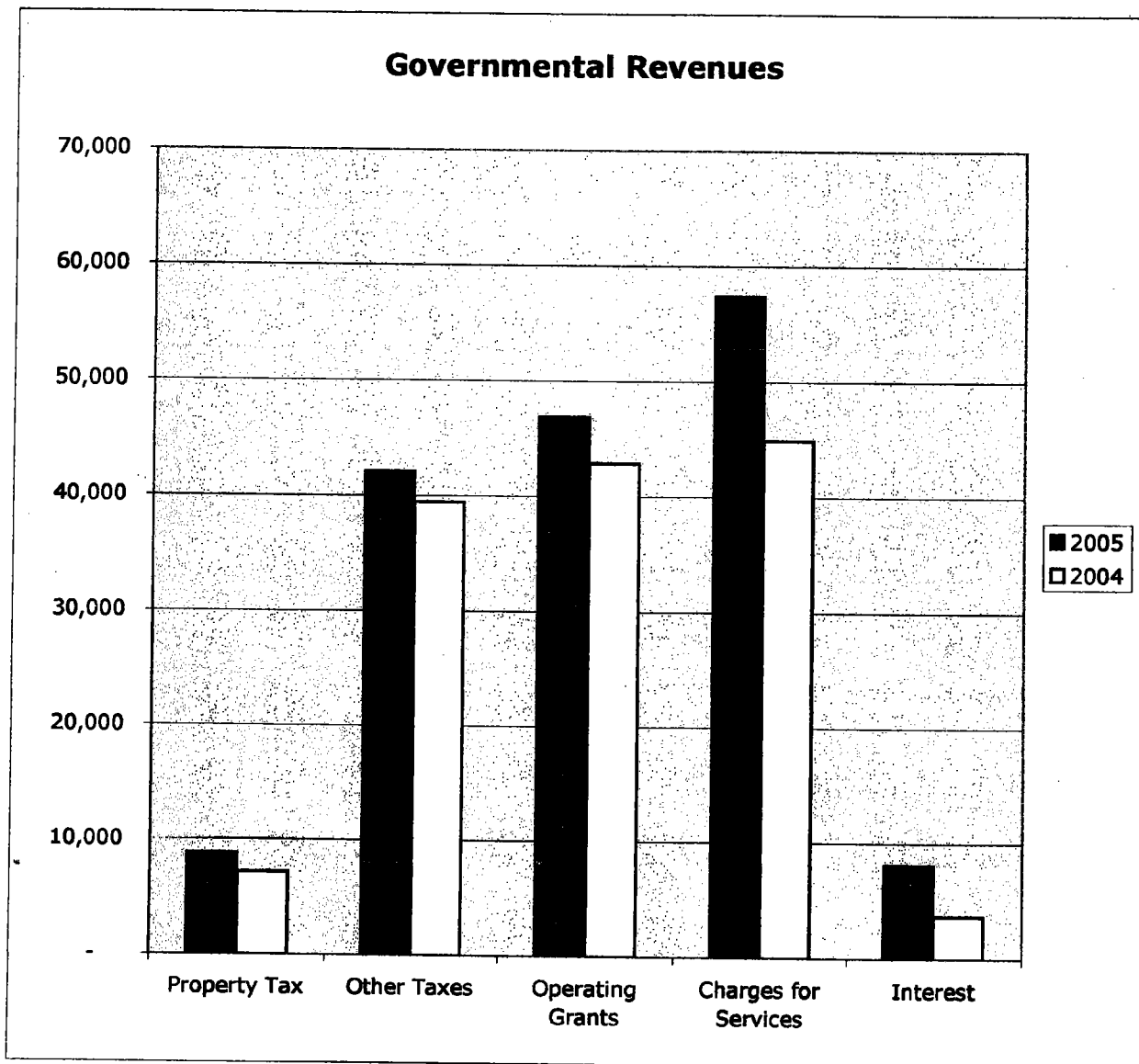
Additional information on Scipio Town's long-term debt can be found in the notes of the financial statements.

### Request for Information

This financial report is designed to provide a general overview of Scipio Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Scipio Town Clerk, P.O. Box 63, Scipio, Utah, 84656.

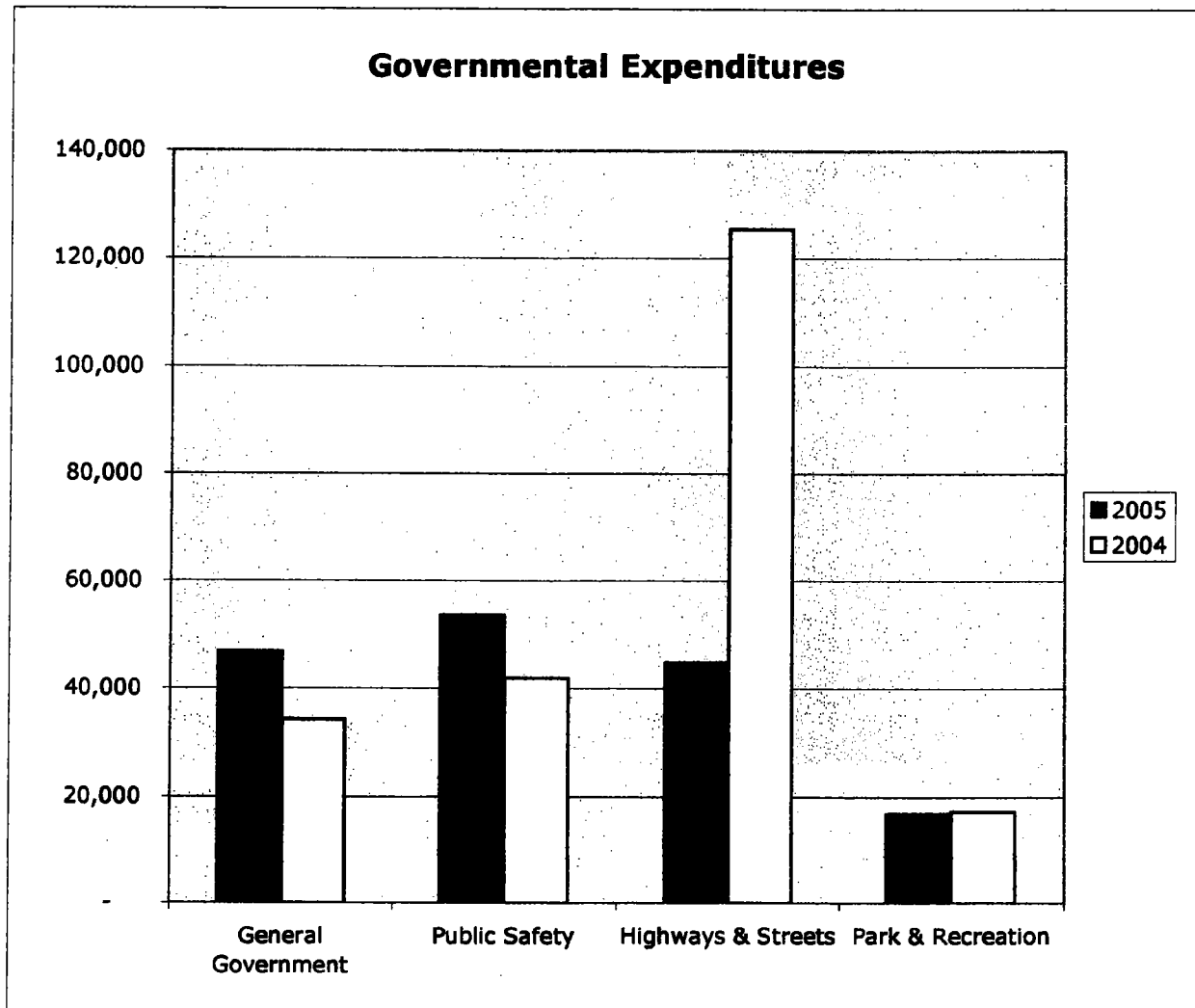
**Scipio Town  
Governmental Revenues  
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Property Tax	8,809	7,217
Other Taxes	42,087	39,467
Operating Grants	46,908	42,913
Charges for Services	57,388	44,946
Interest	8,142	3,719
<b>Total Revenues</b>	<b>163,334</b>	<b>138,262</b>



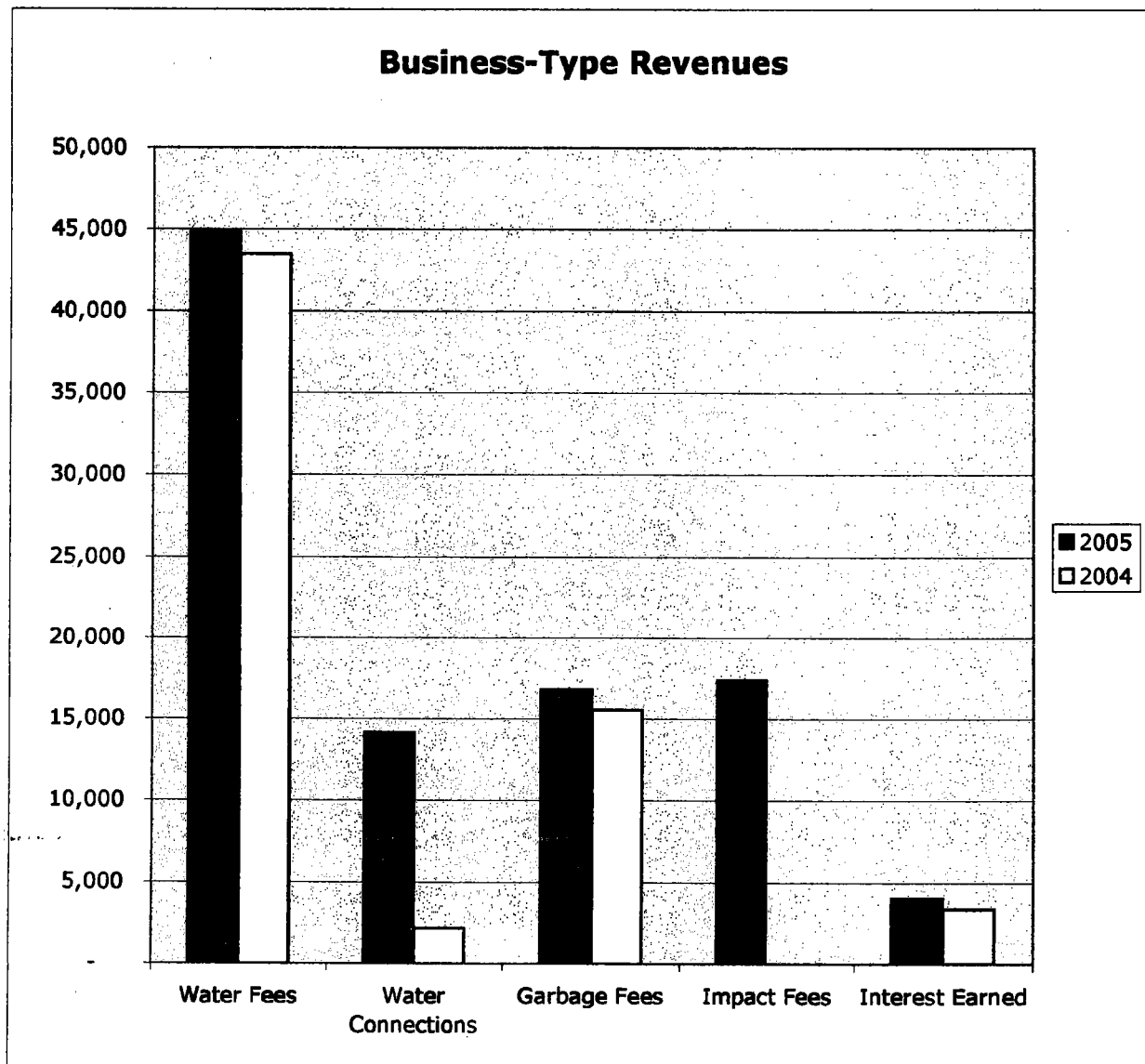
**Scipio Town  
Governmental Expenditures  
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
General Government	46,882	34,301
Public Safety	53,621	42,006
Highways & Streets	44,862	125,365
Park & Recreation	16,775	17,212
<b>Total Expenditures</b>	<b>162,140</b>	<b>218,884</b>



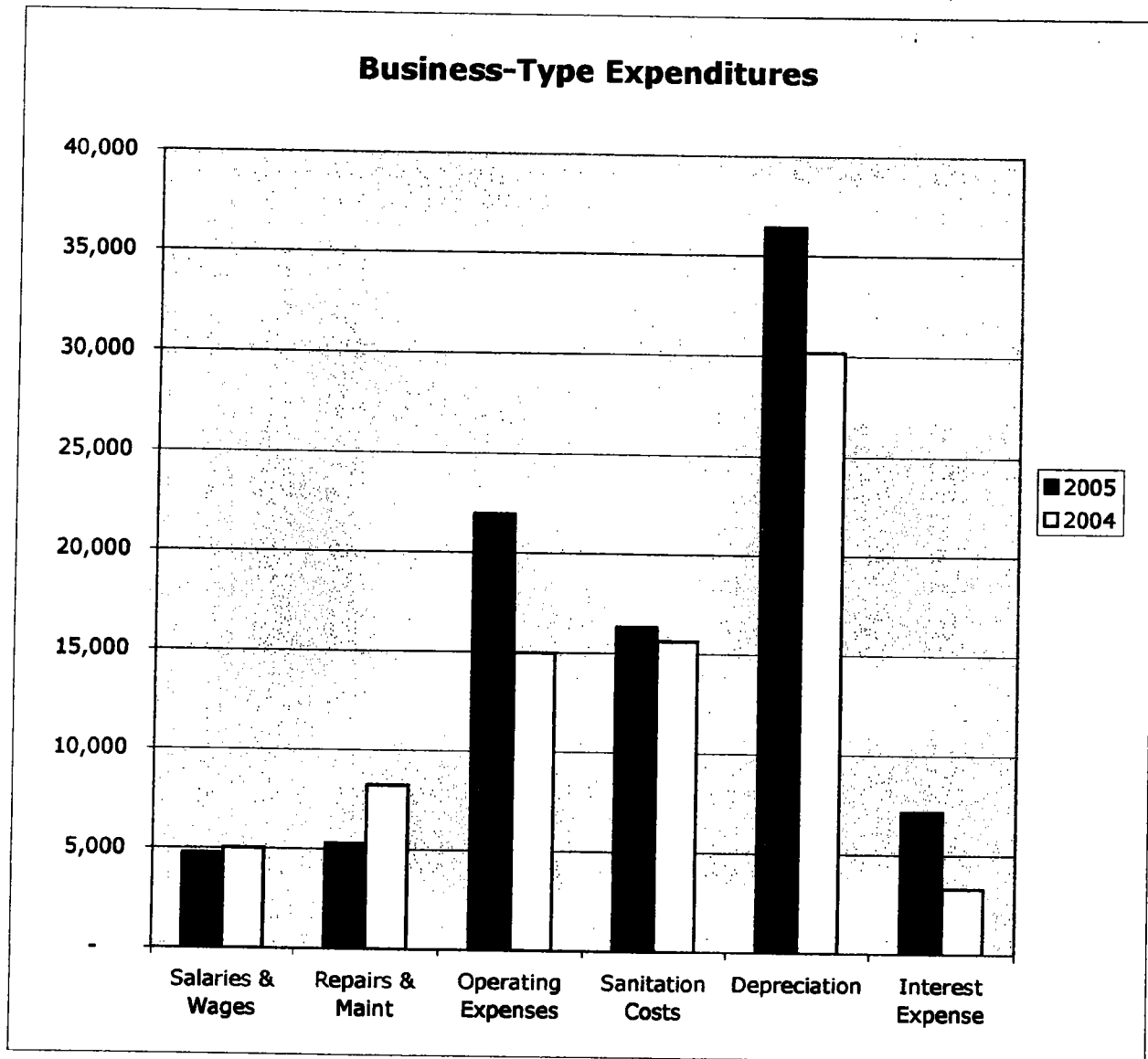
**Scipio Town  
Business-Type Revenues  
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Water Fees	44,816	43,496
Water Connections	14,160	2,170
Garbage Fees	16,786	15,552
Impact Fees	17,378	
Interest Earned	4,028	3,366
Total Revenues	97,168	64,584



**Scipio Town**  
**Business Type Expenditures**  
**For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Salaries & Wages	4,759	5,024
Repairs & Maint	5,261	8,227
Operating Expenses	21,966	14,985
Sanitation Costs	16,328	15,630
Depreciation	36,425	30,160
Interest Expense	7,164	3,316
<b>Total Expenditures</b>	<b>91,903</b>	<b>77,342</b>



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is used to assist in formatting, for easier reading)

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# **BASIC FINANCIAL STATEMENTS**

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**SCIPIO TOWN  
STATEMENT OF NET ASSETS**

June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	362,886	143,250	506,136
Accounts Receivable (Net)	-	17,574	17,574
Due From Other Government Units	6,297	-	6,297
<b>Total Current Assets</b>	<b>369,183</b>	<b>160,824</b>	<b>530,007</b>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	28,967	28,967
Capital Assets (Net of Accumulated Depreciation):			
Land	14,600	-	14,600
Buildings	145,334	-	145,334
Equipment	81,000	-	81,000
Water Distribution System Infrastructure	-	373,091	373,091
	330,000	-	330,000
<b>Total Noncurrent Assets</b>	<b>570,934</b>	<b>402,058</b>	<b>972,992</b>
<b>TOTAL ASSETS</b>	<b>940,117</b>	<b>562,882</b>	<b>1,502,999</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	7,591	5,635	13,226
Deposits Payable	-	2,800	2,800
Revenue Bonds Payable - Due Within One Year	-	15,961	15,961
<b>Total Current Liabilities</b>	<b>7,591</b>	<b>24,396</b>	<b>31,987</b>
Noncurrent Liabilities:			
Revenue Bonds Payable - Due More Than One Year	-	151,038	151,038
<b>TOTAL LIABILITIES</b>	<b>7,591</b>	<b>175,434</b>	<b>183,025</b>
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Debt	570,934	206,092	777,026
Restricted For:			
Bond Retirement	-	28,967	28,967
Impact Fees	-	10,357	10,357
Class C Roads	30,000	-	30,000
Perpetual Care	58,206	-	58,206
Unrestricted	273,386	142,032	415,418
<b>TOTAL NET ASSETS</b>	<b>932,526</b>	<b>387,448</b>	<b>1,319,974</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>940,117</b>	<b>562,882</b>	<b>1,502,999</b>

See accompanying notes and accountant's report.



**SCIPIO TOWN  
STATEMENT OF ACTIVITIES**

**For The Fiscal Year Ended June 30, 2005**

Function/Programs Primary Government:	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Charges for Operating Grants/Capital Grants/ Services		Contributions	Governmental Activities	Business-Type Activities	Total
	Expenses					
Governmental Activities:						
General Government	46,882	10,438	-	(36,444)	-	(36,444)
Public Safety	53,621	42,440	4,231	(6,950)	-	(6,950)
Highways and Public Improvements	44,862	-	30,301	(14,561)	-	(14,561)
Parks and Recreation	16,775	4,510	12,376	111	-	111
Total Governmental Activities	162,140	57,388	46,908	(57,844)	-	(57,844)
Business-Type Activities:						
Utility Fund	91,903	75,762	-	-	(16,141)	(16,141)
Total Primary Government	254,043	133,150	46,908	(57,844)	(16,141)	(73,985)
General Revenues:						
Property Taxes				8,809	-	8,809
Fee-In-Lieu of Property Taxes				2,514	-	2,514
Sales Taxes				28,685	-	28,685
Franchise Taxes				10,888	-	10,888
Impact Fees				-	17,378	17,378
Unrestricted Investment Earnings				8,142	4,028	12,170
Total General Revenues and Transfers				59,038	21,406	80,444
Change in Net Assets				1,194	5,265	6,459
Net Assets - Beginning				931,332	382,183	1,313,515
Net Assets - Ending				932,526	387,448	1,319,974

See accompanying notes and accountant's report.

**SCIPIO TOWN  
BALANCE SHEET  
GOVERNMENTAL FUNDS**

**For The Fiscal Year Ended June 30, 2005**

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	194,563	168,323	362,886
Due From Other Government Units	<u>6,297</u>	<u>-</u>	<u>6,297</u>
<b>TOTAL ASSETS</b>	<u><u>200,860</u></u>	<u><u>168,323</u></u>	<u><u>369,183</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	<u>7,591</u>	<u>-</u>	<u>7,591</u>
<b>Fund Balances:</b>			
<b>Reserved For:</b>			
Class C Roads	30,000	-	30,000
Perpetual Care	-	58,206	58,206
<b>Unreserved, Reported In:</b>			
General Fund	163,269	-	163,269
Capital Project Fund	<u>-</u>	<u>110,117</u>	<u>110,117</u>
<b>Total Fund Balance</b>	<u><u>193,269</u></u>	<u><u>168,323</u></u>	<u><u>361,592</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>200,860</u></u>	<u><u>168,323</u></u>	<u><u>369,183</u></u>

See accompanying notes and accountant's report.

**SCIPIO TOWN**  
**BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

**June 30, 2005**

Total Fund Balances - Governmental Fund Types	361,592
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Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources  
and, therefore, are not reported in the funds:

Land	14,600	
Buildings	145,334	
Equipment	81,000	
Infrastructure	<u>330,000</u>	
 Total		 <u>570,934</u>

Net Assets of Government Activities	<u><u>932,526</u></u>
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**SCIPIO TOWN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

**For The Fiscal Year Ended June 30, 2005**

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	50,896	-	50,896
Licenses and Permits	7,394	-	7,394
Intergovernmental Revenue	46,908	-	46,908
Charges for Services	42,440	-	42,440
Interest	5,478	2,664	8,142
Miscellaneous Revenues	3,044	4,510	7,554
	<u>156,160</u>	<u>7,174</u>	<u>163,334</u>
<b>Total Revenues</b>			
<b>Expenditures:</b>			
Current:			
General Government	45,424	-	45,424
Public Safety	41,996	-	41,996
Highways and Public Improvements	1,112	-	1,112
Parks and Recreation	8,341	3,934	12,275
	<u>96,873</u>	<u>3,934</u>	<u>100,807</u>
<b>Total Expenditures</b>			
<b>Net Changes in Fund Balance</b>	59,287	3,240	62,527
<b>Fund Balance - Beginning</b>	<u>133,982</u>	<u>165,083</u>	<u>299,065</u>
<b>Fund Balance - Ending</b>	<u><u>193,269</u></u>	<u><u>168,323</u></u>	<u><u>361,592</u></u>

See accompanying notes and accountant's report.

**SCIPIO TOWN**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For The Fiscal Year Ended June 30, 2005**

Amounts reported for governmental activities in the statement of activities  
are different because:

Net Changes in Fund Balances - Total Governmental Funds	62,527
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Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense. This is the  
amount by which capital outlays exceeded depreciation in the current period:

Depreciation Expense	<u>(61,333)</u>
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Changes In Net Assets of Governmental Activities	<u><u>1,194</u></u>
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**SCIPPIO TOWN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise
	<u>Water Fund</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	143,250
Accounts Receivable	<u>17,574</u>
Total Current Assets	<u>160,824</u>
Noncurrent Assets:	
Investments - Restricted:	
Bond Retirement	28,967
Capital Assets: (Net of Accum. Depr.)	
Water System	<u>373,091</u>
Total Noncurrent Assets	<u>402,058</u>
TOTAL ASSETS	<u><u>562,882</u></u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	5,635
Bond Interest Payable	2,800
Bonds Payable - Current Portion	<u>15,961</u>
Total Current Liabilities	<u>24,396</u>
Noncurrent Liabilities:	
Bonds Payable - Long-Term Portion	<u>151,038</u>
TOTAL LIABILITIES	<u>175,434</u>
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	206,092
Restricted for:	
Bonded Retirement	28,967
Impact Fees	10,357
Unrestricted	<u>142,032</u>
TOTAL NET ASSETS	<u>387,448</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>562,882</u></u>

See accompanying notes and accountant's report.

**SCIPIO TOWN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise
	<u>Water Fund</u>
<b>Operating Revenues:</b>	
Charges for Sales and Services:	
Water	44,816
Water Connection Fees	14,160
Garbage Fees	<u>16,786</u>
Total Operating Revenues	<u>75,762</u>
<b>Operating Expenses:</b>	
Salaries and Wages	4,759
Repairs and Maintenance	5,261
Materials and Supplies	893
Utilities and Telephone	3,245
Contract Labor	6,547
Sanitation Costs	16,328
Other	11,281
Depreciation	<u>36,425</u>
Total Operating Expenses	<u>84,739</u>
Operating Income	<u>(8,977)</u>
<b>Nonoperating Revenues (Expenses):</b>	
Investment Earnings	4,028
Impact Fees	17,378
Interest Expense	<u>(7,164)</u>
Total Nonoperating Revenues (Expenses)	<u>14,242</u>
Change in Net Assets	5,265
Total Net Assets - Beginning	<u>382,183</u>
Total Net Assets - Ending	<u><u>387,448</u></u>

See accompanying notes and accountant's report.

**SCIPPIO TOWN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

**June 30, 2005**

	<u>Business-Type Activity Enterprise</u>
	<u>Water Fund</u>
<b>Cash Flows From Operating Activities:</b>	
Receipts From Customers	74,826
Payments to Suppliers	(42,622)
Payments to Employees	(4,759)
	<u>27,445</u>
<b>Net Cash Provided by Operating Activities</b>	<u>27,445</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Principal Paid on Capital Debt	(14,759)
Interest Paid on Capital Debt	(5,023)
	<u>(19,782)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(19,782)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Received	4,028
Impact Fees	17,378
	<u>21,406</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>21,406</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>29,069</u>
<b>Cash and Cash Equivalents - Beginning</b>	<u>143,148</u>
<b>Cash and Cash Equivalents - Ending</b>	<u><u>172,217</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>	
Operating Income	(8,977)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:	
Depreciation	36,425
Increase (Decrease) in Operating Assets:	
Accounts Receivable	(936)
Accounts Payable	933
	<u>36,422</u>
<b>Total Adjustments</b>	<u>36,422</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>27,445</u></u>

See accompanying notes and accountant's report.



**SCIPIO TOWN**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Scpio Town conform to accounting principles generally accepted in the United States of America principles as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2005.

The following is a summary of the more significant policies:

**A. Reporting Entity**

Scpio Town is a municipal corporation in Millard County, Utah. It is governed by an elected mayor and a four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, Scpio Town, the reporting entity. The Town has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**SCIPIO TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Scipio Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Government also reports the following Other Governmental Funds:

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The Perpetual Care Permanent Fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the cemetery.

The Government reports the following Proprietary Funds:

The Utility Funds accounts for the activities of the Town water operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**SCIPIO TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**SCIPIO TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Water System	25 Years
Equipment	5 - 10 Years

**Long-Term Obligations:**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

**E. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. Property Taxes**

Property taxes are assessed and collected for the Town by Millard County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

**SCIPIO TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Budgets and Budgetary Accounting:**

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town council on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town Board at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 18% of the next year's budgeted revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the Town council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The Town maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

**Deposits:**

The Town's carrying amount of bank deposits at June 30, 2005, was \$58,609 and the bank balance was \$63,996. All of this amount was covered by federal depository insurance. Utah State statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council.

**SCIPIO TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Cash and investments as of June 30, 2005, consist of the following:

	<u>Fair Value</u>
Demand Deposits	58,609
Investments - PTIF	<u>476,494</u>
Total Cash and Investments	<u><u>535,103</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	362,886
Business-Type Activities - Unrestricted	143,250
Business-Type Activities - Restricted	<u>28,967</u>
Total Cash and Cash Equivalents	<u><u>535,103</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

**SCIPIO TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Deposit and Investment Risk:**

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addressed each of these risks.

**Interest Rate Risk:**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the Town are available immediately.

**Credit Risk:**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the Town's demand deposits were covered by FDIC insurance.

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

**Concentration of Credit Risk:**

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**NOTE 3 - BOND RESERVES**

Bond covenants require that the Town contribute monthly to a "General Sinking Fund" which is used to make annual payments of principal and interest. The covenants also require that a "Bond Reserve Fund" be maintained.

	<u>General Sinking Fund</u>	<u>Bond Reserve</u>	<u>Total</u>
Board of Water Resources	6,457	4,360	10,817
Community Impact Board	<u>6,050</u>	<u>12,100</u>	<u>18,150</u>
Total	<u><u>12,507</u></u>	<u><u>16,460</u></u>	<u><u>28,967</u></u>

**SCIPIO TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	5,000	-	-	5,000
Land Under Roads	<u>9,600</u>	<u>-</u>	<u>-</u>	<u>9,600</u>
 Total Capital Assets Not Being Depreciated	 <u>14,600</u>	 <u>-</u>	 <u>-</u>	 <u>14,600</u>
Capital Assets Being Depreciated:				
Buildings	210,000	-	-	210,000
Machinery and Equipment	135,000	-	-	135,000
Infrastructure	<u>825,000</u>	<u>-</u>	<u>-</u>	<u>825,000</u>
 Total Capital Assets Being Depreciated	 <u>1,170,000</u>	 <u>-</u>	 <u>-</u>	 <u>1,170,000</u>
Less Accumulated Depreciation For:				
Buildings	58,083	6,583	-	64,666
Machinery and Equipment	40,500	13,500	-	54,000
Infrastructure	<u>453,750</u>	<u>41,250</u>	<u>-</u>	<u>495,000</u>
 Total Accumulated Depreciation	 <u>552,333</u>	 <u>61,333</u>	 <u>-</u>	 <u>613,666</u>
 Total Capital Assets Being Depreciated (Net)	 <u>617,667</u>	 <u>(61,333)</u>	 <u>-</u>	 <u>556,334</u>
 Governmental Activities Capital Assets, Net	 <u>632,267</u>	 <u>(61,333)</u>	 <u>-</u>	 <u>570,934</u>



**SCIPIO TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business Type Activities:</b>				
Capital Assets Being Depreciated:				
Water System	<u>910,858</u>	<u>-</u>	<u>-</u>	<u>910,858</u>
Total Capital Assets Not Being Depreciated	<u>910,858</u>	<u>-</u>	<u>-</u>	<u>910,858</u>
Less Accumulated Depreciation For:				
Water System	<u>501,342</u>	<u>36,425</u>	<u>-</u>	<u>537,767</u>
Total Accumulated Depreciation	<u>501,342</u>	<u>36,425</u>	<u>-</u>	<u>537,767</u>
Total Capital Assets Being Depreciated (Net)	<u>409,516</u>	<u>(36,425)</u>	<u>-</u>	<u>373,091</u>
Business Type Activities Capital Assets, Net	<u>409,516</u>	<u>(36,425)</u>	<u>-</u>	<u>373,091</u>
Total Capital Assets	<u>1,041,783</u>	<u>(97,758)</u>	<u>-</u>	<u>944,025</u>

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	1,458	-	1,458
Public Safety	11,625	-	11,625
Public Health	-	36,425	36,425
Highways and Public Improvements	43,750	-	43,750
Parks and Recreation	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Total Depreciation Expense	<u>61,333</u>	<u>36,425</u>	<u>97,758</u>

**SCIPIO TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 5 - LONG-TERM DEBT**  
**Utility Long-Term Debt:**

The following is a schedule of changes in utility bonds payable at June 30, 2005:

Bond Issue:	Date of Issue	Interest Rate	Total Issued	Outstanding June 30, 2004	Current Year Changes		Outstanding June 30, 2005
					Issued	Matured	
CIB Loan	1985	0%	142,500	34,200	-	5,700	28,500
CIB Loan	1985	4%	100,000	33,558	-	5,059	28,499
Drinking Water Board Loan	2004	4%	114,000	114,000	-	4,000	110,000
Total			<u>356,500</u>	<u>181,758</u>	<u>-</u>	<u>14,759</u>	<u>166,999</u>

**SCIPIO TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

The following is a summary of Utility Long-Term Debt to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	15,961	3,844	19,805
2007	16,172	3,493	19,665
2008	16,391	3,133	19,524
2009	16,618	2,762	19,380
2010	16,857	2,629	19,486
2011-2015	27,000	9,911	36,911
2016-2020	30,000	6,095	36,095
2021-2025	<u>28,000</u>	<u>1,856</u>	<u>29,856</u>
Total	<u><u>166,999</u></u>	<u><u>33,723</u></u>	<u><u>200,722</u></u>

**NOTE 6 - PERPETUAL CARE FUND**

The following is a schedule of receipts and disbursements in the Perpetual Care Fund:

Fund Balance - Beginning of Year	54,966
Receipts	7,174
Disbursements	<u>(3,934)</u>
Fund Balance - End of Year	<u><u>58,206</u></u>

**NOTE 7 - CLASS C ROADS**

The following is a schedule of receipts and disbursements in Class C Roads:

Fund Balance - Beginning of Year	-
Receipts:	
State of Utah	30,301
Interest	<u>810</u>
Total Receipts	31,111
Disbursements:	
Maintenance	<u>(1,111)</u>
Fund Balance - End of Year	<u><u>30,000</u></u>

**SCIPIO TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 8 - WATER IMPACT FEES**

On August 20, 2004, Scipio Town adopted a water impact Fee ordinance to encourage and expedite the orderly growth and development of the Town. The impact fee, calculated as an expression of new equivalent residential connection, imposed as a condition precedent to a water connection is used to offset the proportionate impact of the development activity.

The impact fee schedule is based on an "Equivalent Residential Connection" as follows:

Base water impact is \$1,533 based on an average of 400 gallons of water used per day.

Based on 400 gallons of water used per day. The applicant's impact fee is computed based on their estimated number of gallons of water to be used per day. This is divided by 400 to arrive at the ERC's for this development. The ERC's are multiplied by \$1,533 to arrive at the water impact fee.

The base ERC is increased every year by 3.03% inflation rate.

The impact fee study was performed by Wall Engineering, Fillmore, Utah. The study addresses the calculations and computations of the ERC as noted above.

The Town is required to place these impact fees into a separate interest bearing account and may expend these funds only on capital improvements, retiring debt for a system or other expenditures allowed by law.

These funds must be expended within six years from receipt or refunded with interest to the payer.

The total impact fees and interest collected through June 30, 2005, were \$17,278. Expenditures to date totaled \$7,021. The balance at year end was \$10,357.

**NOTE 9 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The Town is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE 10 - UTAH STATE RETIREMENT PLANS**

Scipio Town does not participate in the Utah State Retirement Plan.

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**REQUIRED SUPPLEMENTARY  
INFORMATION  
"UNAUDITED"**

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**SCIPIO TOWN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note A)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2004	<u>133,982</u>	<u>133,982</u>	<u>133,982</u>	<u>-</u>
Resources (Inflows):				
Taxes:				
General Property Taxes	7,217	7,217	8,809	1,592
General Sales and Use Taxes	27,000	27,000	28,685	1,685
Fee-In-Lieu	3,000	3,000	2,514	(486)
Franchise Taxes	<u>10,000</u>	<u>10,000</u>	<u>10,888</u>	<u>888</u>
Total Taxes	<u>47,217</u>	<u>47,217</u>	<u>50,896</u>	<u>3,679</u>
Licenses and Permits:				
Business Licenses	300	300	340	40
Building Permits	<u>2,000</u>	<u>2,000</u>	<u>7,054</u>	<u>5,054</u>
Total Licenses and Permits	<u>2,300</u>	<u>2,300</u>	<u>7,394</u>	<u>5,094</u>
Intergovernmental Revenue:				
Class C Road	42,000	42,000	30,301	(11,699)
State Grants	244,500	244,500	16,607	(227,893)
State Liquor Allotment	<u>90</u>	<u>90</u>	<u>-</u>	<u>(90)</u>
Total Intergovernmental Revenue	<u>286,590</u>	<u>286,590</u>	<u>46,908</u>	<u>(239,682)</u>
Charges for Services:				
Millard County Fire District	14,500	14,500	6,550	(7,950)
Ambulance	<u>22,000</u>	<u>22,000</u>	<u>35,890</u>	<u>13,890</u>
Total Charges for Services	<u>36,500</u>	<u>36,500</u>	<u>42,440</u>	<u>5,940</u>
Other Revenue:				
Interest	5,200	5,200	5,478	278
Miscellaneous	<u>13,376</u>	<u>13,376</u>	<u>3,044</u>	<u>(10,332)</u>
Total Miscellaneous Revenue	<u>18,576</u>	<u>18,576</u>	<u>8,522</u>	<u>(10,054)</u>
Amounts Available for Appropriation	<u>525,165</u>	<u>525,165</u>	<u>290,142</u>	<u>(235,023)</u>

**SCIPIO TOWN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows):				
General Government:				
Administration	25,350	25,350	23,977	1,373
Elections	200	200	-	200
Non-Departmental	18,600	18,600	21,407	(2,807)
General Government Buildings	450	450	40	410
Total General Government	<u>44,600</u>	<u>44,600</u>	<u>45,424</u>	<u>(824)</u>
Public Safety:				
Fire Protection	10,700	10,700	5,421	5,279
Emergency Services	<u>16,250</u>	<u>16,250</u>	<u>36,575</u>	<u>(20,325)</u>
Total Public Safety	<u>26,950</u>	<u>26,950</u>	<u>41,996</u>	<u>(15,046)</u>
Highway and Public Improvements:				
Repairs and Maintenance	<u>293,607</u>	<u>293,607</u>	<u>1,112</u>	<u>292,495</u>
Culture and Recreation:				
Parks	<u>26,026</u>	<u>26,026</u>	<u>8,341</u>	<u>17,685</u>
Total Charges to Appropriations	<u>391,183</u>	<u>391,183</u>	<u>96,873</u>	<u>294,310</u>
Budgetary Fund Balance - June 30, 2005	<u>133,982</u>	<u>133,982</u>	<u>193,269</u>	<u>59,287</u>

(This page contains no information and  
is used to assist in formatting, for easier reading)



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# **COMBINING FINANCIAL STATEMENTS AND SCHEDULES**

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**SCIPIO TOWN  
NONMAJOR GOVERNMENTAL FUNDS**

**For The Fiscal Year Ended June 30, 2005**

**CAPITAL PROJECTS FUND**

**Capital Projects:**

The Capital Projects Fund is used to account for the acquisition of capital assets or construction of major capital improvements.

**PERMANENT FUND**

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Perpetual Care Fund:**

This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

**SCIPIO TOWN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2005

	<u>Capital Projects</u>	<u>Permanent Fund Perpetual Care</u>	<u>Nonmajor Government Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	<u>110,117</u>	<u>58,206</u>	<u>168,323</u>
<b>TOTAL ASSETS</b>	<u><u>110,117</u></u>	<u><u>58,206</u></u>	<u><u>168,323</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Unreserved, Reported in:			
Capital Projects Fund	110,117	-	110,117
Perpetual Care Fund	<u>-</u>	<u>58,206</u>	<u>58,206</u>
<b>Total Fund Balances</b>	<u>110,117</u>	<u>58,206</u>	<u>168,323</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>110,117</u></u>	<u><u>58,206</u></u>	<u><u>168,323</u></u>

**SCIPIO TOWN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

For The Year Ended June 30, 2005

	<u>Capital Projects</u>	<u>Permanent Fund Perpetual Care</u>	<u>Total Nonmajor Government Funds</u>
<b>Revenues:</b>			
Interest	-	2,664	2,664
Miscellaneous Revenues	-	4,510	4,510
 Total Revenues	 -	 7,174	 7,174
 <b>Expenditures:</b>			
Parks and Recreation	-	3,934	3,934
 Net Change in Fund Balance	 -	 3,934	 3,240
 Fund Balances - Beginning	 <u>110,117</u>	 <u>54,966</u>	 <u>165,083</u>
 Fund Balances - Ending	 <u><u>110,117</u></u>	 <u><u>58,900</u></u>	 <u><u>168,323</u></u>

Utah State Auditor  
Richard Moon

Incompliance with your letter of February 19,2006. We are going to move  
\$45,000. From our PTIF general fund account To our capital funds:  
\$10,000. To our office improvement fund.  
\$20,000. To our cemetery improvement fund. And \$15,000.  
\$15,000. To our firehouse improvement fund.  
We plan to have this done by April 19, 2006.  
Mayor Burtis Quarnberg will be the contact person on this.

Thank for your help. Mayor Burtis Quarnberg

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435 758 2464